

CALIFORNIA DOCUMENT SUBMISSION FORMSET

California Insurer Number: (NOT NAIC Number) 3173-2		FOR DEPARTMENT USE ONLY		
Official Insurer Name: Health Net Life Insurance Company		Our File # PF-2010-01969		Fee Code: HIN
Submitter and Complete Mailing Address: Paul Sedgwick Health Net Life Insurance Co 11971 Foundation Place Rancho Cordova, CA 95670		Reviewer:		
Submission Date: October 13, 2010		Dept Action Date:		

Document Form Number	Doc Type (“Policy,” etc)	Document Coverage	Department Action	Fee
1 Rates and Charges/Calculation Rates				
2 for Individual Policy Number effective				
3 P30601(CA 1/10)-new business; 12/31/10				
4 P30601(CA 1/11)-new business;				
5 P30601(CA 01/06)-renewals;				
6 P30601(CA 01/07)-renewals;				
7 P30601(CA 09/08)-renewals;				
8 P30601(CA 04/09)-renewals				
9				
10				
11				
12				
13				
14				
15				
16				

INSTRUCTIONS: Complete the part of the form to the left of the double vertical line. Enter one document to a numbered line. Use additional formsets if necessary. Be accurate - the copy of this form that we return to you will be your only record of our action on your submission.

THIS IS NOT A BILL - DO NOT PAY. YOU WILL RECEIVE A SEPARATE FILING FEE INVOICE SHORTLY; REMIT FEES ONLY WITH THAT INVOICE.

Total \$

Cont'd on __ Pages

HINI - ms

PF-2010-01968

RECEIVED
DEPT. OF INSURANCE

CALIFORNIA DEPARTMENT OF INSURANCE

OCT 14 2010

FILING COVER SHEET

for

FORMS FILINGS with the POLICY APPROVAL BUREAU

(Suggested for use as the cover letter required by Title 10, California Code of Regulation §2205 for filings of policy forms in the DOCUMENT CLASSES listed below. Other DOCUMENT CLASSES are filed with other Department Bureaus per §2206.)

TO: California Department of Insurance Policy Approval Bureau 45 Fremont Street San Francisco, CA 94105	FROM: (Official Insurer Name): Health Net Life Insurance Company Submitter and Complete Mailing Address: Health Net Life Insurance Company Paul Sedgwick/Director, Regulatory Compliance 11971 Foundation Place Rancho Cordova, California 95670 Submission Date: <u>October 13, 2010</u>
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1. IDENTIFYING FORM NUMBER(S):

[The form number(s) of one or more of the documents submitted by which the filing can be identified. §2205(a)]

P32301 (CA 1/11) - rate filing effective 12/31/10

2. DOCUMENT CLASS [The subdivision of §2202(a) which best describes the forms submitted. §2205(b)]

Generic Description and Definition Citation	Check Below	Generic Description and Definition Citation	Check Below
"Health Insurance" [§2202(a)(1)]	<input checked="" type="checkbox"/>	"Credit Life and Disability" [§2202(a)(6)]	<input type="checkbox"/>
"Group and Blanket Life and Non-health Disability" [§2202(a)(2)]	<input type="checkbox"/>	"Supplemental Life Benefits" [§2202(a)(7)]	<input type="checkbox"/>
"Individual Disability, Non-health" [§2202(a)(3)]	<input type="checkbox"/>	"Variable Life and Annuities" [§2202(a)(8)]	<input type="checkbox"/>
"Medicare Supplement" [§2202(a)(4)]	<input type="checkbox"/>	"Fraternal" [§2202(a)(9)]	<input type="checkbox"/>
"Long-term Care" [§2202(a)(5)]	<input type="checkbox"/>	"Unclassified" * [§2202(a)(11)]	<input type="checkbox"/>

* Describe briefly:

3. GROUP AND/OR INDIVIDUAL [Are the forms group, individual or used in both contexts? §2205(b)]

Group Only:	Individual Only: <input checked="" type="checkbox"/>	Group AND Individual:
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4. EMPLOYER SIZE (Employer Health Insurance Only) [Where the forms submitted provide health coverage through employment, the minimum and the maximum sizes of the employers in terms of number of employees. §2205(c)]

2 to 50 Employees:	Over 50 Employees:	All Employers:
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5. RE

Documents 2205(d)

DOCUMENT(S)? [Do any documents replace previously-approved

Yes. Will replace rate filing effective September 1, 2010 which was submitted to the CDI on July 12, 2010 and is pending approval (PF-2010-01321).

6. FINAL PRINT FORM? [Whether each document is in draft, printer's proof, or the final printed form for issue to insureds. §2205(e)]

Document(s)	Draft?	Printer's Proof?	Final Print?
N/A			

7. TYPE OF DOCUMENT WITH WHICH IT WILL BE USED [For each document (such as a rider) which is designed to be used with another document not included in the filing, a statement of the document class with which it is to be used. §2205(f)]

Document Form Number	Document Class (from Item 2, above)

8. MASTER POLICY FORM NUMBER AND APPROVAL DATE: P32301 (CA 1/11); approved
[Where a certificate is submitted for use with a previously approved "group" document, the form number and the filing or approval date of the previously approved group document. §2205(g)]
9/24, 2010
(PF-2010-01894)

9. IF ABOVE INFORMATION CANNOT BE FURNISHED, EXPLAIN WHY. [If the submitter is unable to furnish the information requested above, explain why. §2205(h)]

10. IS A RECEIPT ACKNOWLEDGMENT CARD ENCLOSED? No.
[Submitters wanting acknowledgment of receipt of their filings must include a self-addressed, postage pre-paid postcard or letter for return when the filing is received. Acknowledgments must be drafted so that Department personnel need only enter dates of receipt before mailing. §2205(j)]

11. REMARKS AND ADDITIONAL INFORMATION (Attach additional sheets if necessary):
Rate filing for effective date of 12/31/10 for new and renewal business

MAKE SURE THAT A COMPLETED 3-PART DOCUMENT SUBMISSION FORMSET IS INCLUDED
[Filings of documents described in §2202(a)(1) through (a)(11) shall include three-part Document Submission Formsets. §2216(a)]

MAKE SURE THAT A STAMPED, RETURN ADDRESSED ENVELOPE IS INCLUDED [The cover letter shall be accompanied by a stamped, self-addressed business-size return envelope. §2205(i)]

MAKE SURE THAT A DUPLICATE FILING COVER SHEET IS INCLUDED [All document submissions must be accompanied by a cover letter in duplicate. §2205]

SUBMITTER'S SIGNATURE AND TITLE:

Paul Sedgwick

Paul Sedgwick
Director, Regulatory Compliance



MEMO

TO: California Department of Insurance
FROM: Mark E. Bean, ASA, MAAA
DATE: October 13, 2010
RE: Executive Summary: Actuarial Certification of Health Net Life Insurance Company Individual PPO Rate Increase Effective December 31, 2010

Policy Number: P32301 (CA 06/06) renewals; P32301 (CA 1/11) new business

The purpose of this memo is to provide a summary of our proposed change in premium rates to our Individual PPO plans to be effective for December 31, 2010. The change in the rates is because of benefit changes due to health care reform.

We are ready to answer any questions that the Department of Insurance or others may have concerning our filing in order to implement these rates in a timely manner.

Sincerely,

Mark E. Bean

Mark E. Bean, ASA, MAAA
11971 Foundation Place
Rancho Cordova, CA 95670
Phone: (916) 935-1102
Fax: (916) 935-4407

10-13-2010

Date

RATE FILING TABLE OF CONTENTS

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- Introduction
- Health Care Reform
- Policy Description
- Rating Region Definitions
- Rate Adjustments
- Actuarial Certification

Section 1 – Salud Plans with and without Dental/Vision

Exhibit 1 displays rates by region, plan, family tier, and the primary insured's age band for the Salud plans.



MEMORANDUM

TO: California Department of Insurance
FROM: Mark E. Bean, ASA, MAAA
DATE: October 13, 2010
RE: Actuarial Certification of Health Net Life Insurance Company Individual PPO Rate Increase Effective December 31, 2010

Policy Number: P32301 (CA 06/06) renewals; P32301 (CA 1/11) new business

This memorandum provides actuarial certification of premium rates effective beginning December 31, 2010.

I, Mark E. Bean, am associated with Health Net Inc., the parent company of Health Net Life Insurance Company. I am a member of the American Academy of Actuaries and meet its qualifications for actuarial certification of medical premium rate filings. I have reviewed the enclosed premium rates for the Individual PPO plans described below.

In my analysis of the rates, I relied upon financial records and summaries prepared by responsible officers and employees of Health Net Life. In other respects, my analysis included such review of the assumptions as I considered necessary.

For preparation of the rates, items identified below:

- (i) are computed in accordance with commonly accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
- (ii) meet the requirements of the laws of the State of California;
- (iii) make a good and sufficient provision for all unpaid claims of the organization under the terms of its contracts and agreements; and
- (iv) include appropriate provision for all actuarial items which ought to be established.

Health Care Reform

The purpose of this rate filing is to change the benefits and rates to the plans that we have selected to be compliant with healthcare reform.

The currently marketed plans listed below will have a compliant health care reform benefit plan created for those individuals in a non-grandfathered status:

- Salud PPO 15
- Salud PPO 15/25%
- Salud PPO 25

Impact of Healthcare Reform:

The outcome of health care reform is assumed to have the following benefit changes:

1. Dependents will be covered up to age 26.
2. Removal of lifetime limits.
3. Removal of annual limits on essential benefits.
4. Prohibition of preexisting conditions exclusions for those 18 years and under.
5. Preventive health service covered at 100%.

As stated in our rate filing PF-2010-01321, items 1-3 listed above will have a 1% impact on the rates for grandfathered and non-grandfathered plans, since the benefit changes impact all plans at this time. At this time, we are not seeking a rate increase for these benefit changes, but will request the change when we do our next rate increase.

Items 4-5 will be made on our non-grandfathered plans and will have a significant impact on the rates. For item 4, the cost of the prohibition of preexisting conditions for individuals 18 years or younger was determined by doing a utilization comparison between children in our Individual PPO plans to children in our Commercial Group PPO plans. Children in our Individual PPO plans are subject to extensive medical underwriting, whereas children in our Commercial Group PPO plans are not subject to medical underwriting requirements.

It is expected that the impact of the removal of the prohibition of preexisting conditions will increase the healthcare costs of children in our Individual PPO plans by at least 50%. Since we expect the risk for the removal of the prohibition of preexisting conditions on children to be minimal for insureds eligible on or before 12/31/10, the load is 5%. Table 1 shows the increase by plan for child subscribers:

Table 1

Impact of Removal of the Prohibition of Preexisting Conditions on Children	
Plan	Rate Change
Salud PPO 15	5%
Salud PPO 15/25%	5%
Salud PPO 25	5%

The preventive services that were analyzed for the impact on covering these services at 100% includes: immunizations, preventive office visits and screenings, and colonoscopies. The impact on the rates varies by the benefits of the plan as well as to age of the insured. For example, children utilize the immunization benefit whereas adults hardly use this benefit. Table 2 shows the additional amount added to the rate by benefit plan and age due to covering preventive services at 100%.

Table 2

Age	Additional Monthly Rate Due to Preventive Care		
	Salud PPO 15	Salud PPO 15/25%	Salud PPO 25
< 1	\$18	\$28	\$18
1-4	\$6	\$9	\$6
5-18	\$3	\$4	\$3
19-24	\$3	\$4	\$3
25-29	\$4	\$4	\$4
30-34	\$5	\$5	\$5
35-39	\$5	\$5	\$5
40-44	\$8	\$8	\$8
45-49	\$9	\$10	\$9
50-54	\$18	\$19	\$18
55-59	\$15	\$15	\$15
60-64	\$15	\$15	\$15

The rates for the current marketed plans that are reform compliant for insureds eligible on or before 12/31/2010 are in Exhibits 1. The exhibit also includes the current rates, the percentage changes in the rates, and the dental and vision option.

Lifetime Loss Ratio and Expected Future Rate Increases

The lifetime loss ratio was calculated in our previous rate filing PF-2010-01321 (filed July 14, 2010) by policy form and by benefit plan. Since the changes in the rates are expected to account for the changes in the benefits, we do not expect the future anticipated loss ratio and the lifetime loss ratio to change for these plans. Also, we expect that future rate increases will follow with what we previously filed.

Policy Descriptions

The policy form is for conditionally renewable individual major medical coverage.

- **Salud PPO 15 NG** - The plan has the following In-Network benefits: \$25 office visit copay; \$2,500 deductible. Once the deductible has been met services are covered at 100%. Preventive services are covered at 100%. This plan has a narrower network than our other PPO plans and has cross border benefits with the SIMNSA Network in which there is \$5 copay for office visits. For Out-of-Network benefits, the plan pays 50% of covered charges and has a \$5,000 out-of-pocket maximum. The pharmacy benefit has a \$5 copay for generic, \$35 copay for brand, and \$50 copay. There is also a \$150 deductible for brand and non-formulary drugs.

- **Salud PPO 15/25% NG** - The plan has the following In-Network benefits: \$25 office visit copay; \$2,500 deductible. Once the deductible has been met services are covered at 100%. Preventive services are covered at 100%. This plan has a narrower network than our other PPO plans and has cross border benefits with the SIMNSA Network in which there is \$5 copay for office visits. For Out-of-Network benefits, the plan pays 50% of covered charges and has a \$5,000 out-of-pocket maximum. The pharmacy benefit has a \$5 copay for generic, \$35 copay for brand, and \$50 copay. There is also a \$150 deductible for brand and non-formulary drugs.
- **Salud PPO 25 NG** - The plan has the following In-Network benefits: \$25 office visit copay; \$2,500 deductible. Once the deductible has been met services are covered at 100%. Preventive services are covered at 100%. This plan has a narrower network than our other PPO plans and has cross border benefits with the SIMNSA Network in which there is \$5 copay for office visits. For Out-of-Network benefits, the plan pays 50% of covered charges and has a \$5,000 out-of-pocket maximum. The pharmacy benefit has a \$5 copay for generic, \$35 copay for brand, and \$50 copay. There is also a \$150 deductible for brand and non-formulary drugs.

The following applies to all of the plans listed above:

Covered charges are limited to the contracted rate for preferred providers, the lesser of (a) the Health Net Limited Fee Schedule and (b) \$600 per day for non-preferred hospital providers, and customary and reasonable charges for all other non-preferred providers. Please reference the policy for other services provided by non-preferred providers.

Rating Regions

The rating regions for all plans are defined by the following counties:

Region 1: Los Angeles, Orange, and Ventura

Rate Adjustments

These rates apply only to insureds who are underwritten into the standard rating tier. Rates between 110% and 200% of the attached rates are also available for insureds who are underwritten into one of the substandard tiers.

Actuarial Certification

In my opinion, the enclosed rates are reasonable in relation to the anticipated experience of Health Net Life Insurance Company, and are neither excessive, inadequate, nor unfairly discriminatory.

Sincerely,

Mark E. Bean

Mark E. Bean, ASA, MAAA
11971 Foundation Place
Rancho Cordova, CA 95670
Phone: (916) 935-1102
Fax: (916) 935-4407

10-13-2010

Date

Exhibit 1
HEALTH NET LIFE INS. CO.
Individual PPO Plans
Rating Region 1
Los Angeles, Orange, and Ventura Counties

Tier	Age	Proposed Rates - Effective December 31, 2010						Current Rates - Effective October 1, 2010						Without Dental & Vision			With Dental & Vision		
		Without Dental & Vision			With Dental & Vision			Without Dental & Vision			With Dental & Vision			Without Dental & Vision			With Dental & Vision		
		Salud Affordable			Salud Affordable			Salud Affordable			Salud Affordable			Salud Affordable			Salud Affordable		
		IFP PPO	IFP PPO	15-25%	IFP PPO	IFP PPO	15-25%	IFP PPO	IFP PPO	15-25%	IFP PPO	IFP PPO	15-25%	IFP PPO	IFP PPO	15-25%	IFP PPO	IFP PPO	15-25%
		15 - NG	25 - NG	NG	15 - NG	25 - NG	NG	15	25	15-25%	15	25	15-25%	15	25	15-25%	15	25	15-25%
Subscriber	0	276	239	193	301	264	218	243	199	165	268	224	190	14%	20%	17%	12%	18%	15%
	1 - 4	176	149	123	201	174	148	160	132	110	185	157	135	10%	13%	12%	9%	11%	10%
	5 - 18	173	144	120	198	169	145	160	132	110	185	157	135	8%	9%	9%	7%	8%	7%
	19 - 24	183	151	126	208	176	151	178	146	122	203	171	147	3%	3%	3%	2%	3%	3%
	25 - 29	184	151	127	209	176	152	178	146	122	203	171	147	3%	3%	4%	3%	3%	3%
	30 - 34	185	152	128	210	177	153	178	146	122	203	171	147	4%	4%	5%	3%	4%	4%
	35 - 39	185	152	128	210	177	153	178	146	122	203	171	147	4%	4%	5%	3%	4%	4%
	40 - 44	226	180	155	251	205	180	216	170	146	241	195	171	5%	6%	6%	4%	5%	5%
	45 - 49	292	226	194	317	251	219	280	214	183	305	239	208	4%	6%	6%	4%	5%	5%
	50 - 54	379	296	255	404	321	280	357	274	235	382	299	260	6%	8%	9%	6%	7%	8%
	55 - 59	537	414	359	562	439	384	517	396	340	542	421	365	4%	5%	6%	4%	4%	5%
	60 - 64	675	517	448	700	542	473	654	498	429	679	523	454	3%	4%	4%	3%	4%	4%
	65+	810	620	538	835	645	563	784	597	514	809	622	539	3%	4%	5%	3%	4%	4%
Sub & Spouse	19 - 24	366	302	252	416	352	302	361	295	244	411	345	294	1%	2%	3%	1%	2%	3%
	25 - 29	368	302	254	418	352	304	361	295	244	411	345	294	2%	2%	4%	2%	2%	3%
	30 - 34	370	304	256	420	354	306	361	295	244	411	345	294	2%	3%	5%	2%	3%	4%
	35 - 39	370	304	256	420	354	306	361	295	244	411	345	294	2%	3%	5%	2%	3%	4%
	40 - 44	452	360	310	502	410	360	434	343	295	484	393	345	4%	5%	5%	4%	4%	4%
	45 - 49	584	452	388	634	502	438	564	432	369	614	482	419	4%	5%	5%	3%	4%	5%
	50 - 54	758	592	510	808	642	560	717	550	471	767	600	521	6%	8%	8%	5%	7%	7%
	55 - 59	1,074	828	718	1,124	878	768	1,035	793	681	1,085	843	731	4%	4%	5%	4%	4%	5%
	60 - 64	1,350	1,034	896	1,400	1,084	946	1,309	997	859	1,359	1,047	909	3%	4%	4%	3%	4%	4%
	65+	1,620	1,240	1,076	1,670	1,290	1,126	1,572	1,197	1,030	1,622	1,247	1,080	3%	4%	4%	3%	3%	4%
Sub & Child	19 - 24	434	368	302	484	418	352	408	333	276	458	383	326	6%	11%	9%	6%	9%	8%
	25 - 29	434	368	302	484	418	352	408	333	276	458	383	326	6%	11%	9%	6%	9%	8%
	30 - 34	434	368	302	484	418	352	391	320	266	441	370	316	11%	15%	14%	10%	13%	11%
	35 - 39	434	368	302	484	418	352	374	306	255	424	356	305	16%	20%	18%	14%	17%	15%
	40 - 44	434	368	302	484	418	352	385	308	261	435	358	311	13%	19%	16%	11%	17%	13%
	45 - 49	471	376	318	521	426	368	444	348	296	494	398	346	6%	8%	7%	5%	7%	6%
	50 - 54	552	440	375	602	490	425	520	408	346	570	458	396	6%	8%	8%	6%	7%	7%
	55 - 59	710	558	479	760	608	529	680	529	452	730	579	502	4%	5%	6%	4%	5%	5%
	60 - 64	848	661	568	898	711	618	816	630	541	866	680	591	4%	5%	5%	4%	5%	5%
	65+	957	738	632	1,007	788	682	948	730	626	998	780	676	1%	1%	1%	1%	1%	1%
Sub & Children	19 - 24	608	513	422	683	588	497	586	478	399	661	553	474	4%	7%	6%	3%	6%	5%
	25 - 29	608	513	422	683	588	497	586	478	399	661	553	474	4%	7%	6%	3%	6%	5%
	30 - 34	608	513	422	683	588	497	553	453	378	628	528	453	10%	13%	12%	9%	11%	10%
	35 - 39	608	513	422	683	588	497	537	439	366	612	514	441	13%	17%	15%	12%	14%	13%
	40 - 44	608	513	422	683	588	497	547	440	373	622	515	448	11%	17%	13%	10%	14%	11%
	45 - 49	644	521	439	719	596	514	606	482	408	681	557	483	6%	8%	8%	6%	7%	6%
	50 - 54	725	584	495	800	659	570	684	541	459	759	616	534	6%	8%	8%	5%	7%	7%
	55 - 59	883	702	599	958	777	674	843	662	564	918	737	639	5%	6%	6%	4%	5%	5%
	60 - 64	1,021	805	688	1,096	880	763	979	763	651	1,054	838	726	4%	6%	6%	4%	5%	5%
	65+	1,121	873	745	1,196	948	820	1,110	865	738	1,185	940	813	1%	1%	1%	1%	1%	1%
Family	19 - 24	791	664	548	891	764	648	768	627	522	868	727	622	3%	6%	5%	3%	5%	4%
	25 - 29	792	664	549	892	764	649	768	627	522	868	727	622	3%	6%	5%	3%	5%	4%
	30 - 34	793	665	550	893	765	650	734	602	500	834	702	600	8%	10%	10%	7%	9%	8%
	35 - 39	793	665	550	893	765	650	717	586	489	817	686	589	11%	13%	12%	9%	12%	10%
	40 - 44	834	693	577	934	793	677	766	613	520	866	713	620	9%	13%	11%	8%	11%	9%
	45 - 49	936	747	633	1,036	847	733	889	697	594	989	797	694	5%	7%	7%	5%	6%	6%
	50 - 54	1,104	880	750	1,204	980	850	1,042	816	694	1,142	916	794	6%	8%	8%	5%	7%	7%
	55 - 59	1,420	1,116	958	1,520	1,216	1,058	1,362	1,058	904	1,462	1,158	1,004	4%	5%	6%	4%	5%	5%
	60 - 64	1,696	1,322	1,136	1,796	1,422	1,236	1,634	1,263	1,083	1,734	1,363	1,183	4%	5%	5%	4%	4%	4%
	65+	1,931	1,493	1,283	2,031	1,593	1,383	1,897	1,462	1,252	1,997	1,562	1,352	2%	2%	2%	2%	2%	2%